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REMARKS

1. Applicant thanks the Examiner for the Examiner's comments, which have greatly
5 assisted Applicant in responding.

2. 35 U.S.C. §103(a).

The Examiner rejected Claims 1-56 under 35 USC §103(a) as being unpatentable over
10 Funk in view of Downs.

Applicant respectfully traverses and Applicant incorporates the comments from
Applicant's previous response herein.

15 As per Claim 1, the Examiner has taken the position that the Examiner disagrees with
Applicant's assertion during the interview that the prior art of record fails to explicitly
disclose the limitation **wherein if said check is eligible to be converted to an ACH
debit**.

20 (i) First, the Examiner stated that (emphasis added) "... it is obvious to realize that if
a check is not in (good standard, i.e. folded or stain or if the MICR has a missing
number, therefore would not be **eligible for scanning**. Moreover, if it is scanned an
individual would not be able to interpret or understand what it is. Thus, would be a
waste of memory."

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Applicant believes that Applicant made it clear in the previous responses as well as the
interview that **eligible to be converted to an ACH debit** is not equivalent to MICR line
validation, which includes valid for scanning, which the Examiner is clearly describing.

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Not only was Applicant's representative present during the interview, but also present was the inventor, who painstakingly described the difference between the two processes.

- 5 Applicant also in the previous response provided support from the Specification that showed the meaning of eligible and ineligible according to the invention.

The Examiner is silent on Applicant's explanation in the previous response dated 2/23/2006 and Applicant's explanation during the Interview conducted on 3/1/2006.

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(ii) Second, it is evident that the Examiner refuses to acknowledge the distinction between the two different processes because the Examiner asserted that Funk failed to disclose a various rules if the check can not [be] converted, processing the check, and rejected this aspect of the claims using the same rejection and the same cited parts of the reference, as in the previous office action, mailed 11/23/2005.

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That is, the Examiner is using the same rejection (Funk failed to disclose but is found in Downs.)

- 20 In addition, the Examiner failed to take note of Applicant's explanation and supportive documentation of the meaning of the terms used in Claim 1, namely, if said check is eligible to be converted to an ACH debit.

According to MPEP 707.07(f) Answer All Material Traversed [R-3]:

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Where the applicant traverses any rejection, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it.

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Therefore, such the Examiner has disregarded section of the MPEP is violated. Applicant respectfully requests that the Examiner takes note of Applicant's explanation and use of the term, eligible, and answer the substance of it.

5 Applicant is of the opinion that the present office action is not fully responsive.

(iii) The Examiner is completely silent on the last two limitations of Claim 1, namely (emphasis added):

10 means for processing said check as a normal check, when said check cannot be converted to said ACH debit; and
means for parsing said MICR line for creating said ACH debit by a financial institution that issued said check, when said check can be converted to said ACH debit.

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Again, according to the **MPEP 707.07(f) Answer All Material Traversed [R-3]**

In order to provide a complete application file history and to enhance the clarity of the prosecution history record, an examiner must provide clear explanations of all
20 actions taken by the examiner during prosecution of an application.

Where the requirements are traversed, or suspension thereof requested, the examiner should make proper reference thereto in his or her action on the amendment.

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Again, **MPEP 707.07(f) Answer All Material Traversed [R-3]** has been disregarded.

Applicant respectfully requests that the Examiner provide a responsive office action.

30 (iv) Nevertheless, Applicant has amended the independent Claims to further clarify the invention. Specifically, Applicant has incorporated language from the Specification

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related to the meaning of eligible and ineligible and added such language to the independent Claims.

Support can be found at least in the Specification as follows (emphasis added):

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(On page 1: 13-19)

Due to recent changes in the Automated Clearing House (ACH) by the National Automated Clearing House Association (NACHA), billers may now convert **consumer checks** that have been mailed to a lockbox into electronic ACH debits providing the biller has provided notice to the consumer. **It is a difficult process to separate consumer checks from ineligible items**, and, for **consumer checks that are eligible for conversion, to correctly interpret and convert** the on-us field of a Magnetic Ink Character Recognition (MICR) line into the correct format for an ACH debit.

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(On page 1: 30 – 2:3)

Only consumer checks are eligible for conversion to ACH debits. Therefore, there must be a method in place **for separating such eligible conversion items from** money orders, travelers checks, cashier's checks, convenience checks (credit card balance transfer checks), commercial checks, government items, and the like, which are **ineligible for conversion**.

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(On page 8: 16-21)

To enable customers to **identify items ineligible for ACH truncation**, the invention provides software upgrades to make mail opening equipment smarter by **outsourcing ineligible items**. Then, **check truncation decision processing is applied**, such processing methodology developed and maintained by electronic check experts or expert system, for use in the information capture process **to identify any ineligible items that are not caught in the mail sort**.

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No new matter has been added.

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Therefore, in view of the amendment to independent Claims and the argument hereinabove, Applicant is of the opinion that the independent Claims, and hence the respective dependent Claims, are in condition for allowance. As such, Applicant respectfully requests that the Examiner withdraw rejection under 35 USC §103(a).

3. As per Claims 2-8 and 36-56, the Examiner asserts that Funk substantially discloses the claimed method of converting a check transaction into an electronic ACH and noting that Funk fails to disclose a various rules if the check cannot be converted and recites the **same parts to Down**. That is, the Examiner is just repeating the rejection of Claim 1 without considering the details of the limitations.

Applicant respectfully points out that the Examiner has not examined all claim limitations.

However, according to **MPEP 2143.03 All Claim Limitations Must Be Taught or Suggested** (emphasis added):

To establish *prima facie* obviousness of a claimed invention, **all the claim limitations must be taught or suggested by the prior art**. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). If an independent claim is nonobvious under **35 U.S.C. 103**, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988).

The Examiner failed to show that all the claim limitations are taught or suggested by the prior art and failed to show that all words in the claims were considered in judging the patentability of that claim against the prior art.

Hence, the Examiner disregarded MPEP 2143.03.

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Applicant respectfully requests that the Examiner comply with MPEP 2143.03 in the next office action.

- 5 4. It should be appreciated that Applicant has elected to amend the Claims
solely for the purpose of expediting the patent application process in a manner
consistent with the PTO's Patent Business Goals, 65 Fed. Reg. 54603 (9/8/00). In
making such amendment, Applicant has not and does not in any way narrow the scope
of protection to which Applicant considers the invention herein to be entitled. Rather,
10 Applicant reserves Applicant's right to pursue such protection at a later point in time and
merely seeks to pursue protection for the subject matter presented in this submission.

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CONCLUSION

Based on the foregoing, Applicant considers the present invention to be distinguished
5 from the art of record. Accordingly, Applicant earnestly solicits the Examiner's
withdrawal of the rejections raised in the above referenced Office Action, such that a
Notice of Allowance is forwarded to Applicant, and the present application is therefore
allowed to issue as a United States patent. The Examiner is invited to call (650) 474-
8400 to discuss the response.

Respectfully Submitted,

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